

EXHIBIT C

BPE40100400418

MINUTES

Mr. C. E. Lavezzi
Executive Vice-President

Re 1987 Portfolio - Illustrative Dividends

To achieve competitive objectives for Metropolitan's 1987 portfolio of Personal Life insurance policies, certain management strategies were established and the resulting anticipated improvements in expense and mortality experience were incorporated into our proposed dividend formula as follows:

Expenses

Cost containment efforts in the Personal Insurance department have been successful over the past 5 years, resulting in a substantial improvement in our expense to premium ratio. However, it was apparent that further reductions in our expenses would be necessary to achieve a significant improvement in our competitive position in the personal insurance marketplace. Accordingly, programs are underway to reduce field, head office, and home office personal insurance expenses by the equivalent of \$75 million per year. These programs include, but are not limited to, raising production standards for our sales representatives, using several supplemental product distribution systems to improve overall productivity, and reducing the number of Home Office and Head Office employees. Also, management has been presented with specific expense goals which must be met to achieve our objectives. The full impact of these steps will not be felt until 1988 or 1989.

Mortality

In 1982, we introduced the new nonsmoker underwriting classification. Early results indicated that a substantial number of smokers were being classified as nonsmokers which naturally produced worse than expected mortality in the nonsmoker class. At the same time other areas of incomplete or incorrect underwriting information were uncovered. Earlier this year we completely revamped our paramedical provider arrangement which provides us with more control to obtain better underwriting information. We have also introduced a computerized system to monitor and manage the quality and amount of underwriting information we receive from all underwriting information providers. These underwriting controls will substantially improve our ability to classify risks properly. As a result, we anticipate measurably improved mortality experience, particularly for the nonsmoker class and for larger face amounts of insurance.



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Dividend Scales

The scale of dividends recommended to our Board of Directors for payment to policyholders in 1987 does not reflect either the projected improvement in expense or in mortality discussed above because no significant impact is expected until 1988. Also, the improvement in mortality assumptions and the improvements with respect to acquisition expenses will tend only to affect newly issued policies.

Consequently, we recommend that policy illustrations for the 1987 portfolio reflect these expectations in the dividend scale. These illustrative dividends on the 1987 portfolio would become payable no earlier than 1989.

Harold Leff
Harold B. Leff
Vice-President & Actuary

October 9, 1986

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